

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 379 – HB 1337

March 31, 2015

SUMMARY OF ORIGINAL BILL: Requires a properly notified utility operator to stake or mark the location of underground utilities on property to be excavated for emergency purposes within three hours, rather than within two hours.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (004274, 005638): Amendment 004274 deletes all language of the original bill; establishes the Underground Utility Enforcement Board within the Tennessee Regulatory Authority (TRA); requires utilities installed after January 1, 2017, to be installed in a manner that will make them locatable electronically; requires utilities which have not already joined the one call system to join; requires phase-in over a period of three years based upon the size of the utility; and requires all utility operators to report damage with the Damage Information Reporting Tool.

Amendment 005638 makes various technical changes to amendment 004274 including the addition of language that defines willful noncompliance for use in this amended bill; requires executive committee to levy penalties against the relevant political subdivision for willful noncompliance; requires appointment of 16 members to the underground utility damage enforcement board; requires one member to represent the interests of public utilities; requires investigator to add the time and place of hearing related to the citation and requires the hearing to be held at this time; and requires executive committee to hear appeals

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue –

Exceeds \$50,000/Tennessee Regulatory Authority Fees

Increase State Expenditures –

Exceeds \$50,000/Tennessee Regulatory Authority Fees

Increase Local Expenditures – Exceeds \$5,000*

SB 379 – HB 1337

Assumptions for the bill as amended:

- TRA is a self-funded entity through fees, fines, and penalty revenue.
- According to TRA, the Authority will require additional positions for implementing the provisions of this bill; however, TRA indicates that such positions will be financially supported by the stakeholders involved and any penalties the Authority may collect.
- TRA indicates no impact to the state General Fund.
- Any increase in TRA expenditures for administrative and investigative costs will be covered by the board's ability to assess fees for annual operating costs from one-call service members.
- The total recurring increase in TRA fee revenue, and the recurring increase in TRA expenditures, are both estimated to exceed \$50,000 per year.
- Based on information from the Tennessee Association of Utility Districts (TAUD), there will be increases in expenditures to local governments including locally owned utilities; however such impacts are dependent upon several unknown factors such as the number of impacted entities, the extent of current participation of such entities, and the number of future utility damage incidents. Given the extent of unknown factors, the extent of any increased local expenditures is difficult to determine. However, the mandatory and recurring increase in local expenditures is reasonably estimated to exceed \$5,000 per year.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Increase Business Revenue – Exceeds \$5,000

Assumptions for the bill as amended:

- The amended bill is expected to generate some increased business revenue as local utilities pay vendors for equipment necessary for locatable electronic systems. Such increase in business revenue is reasonably estimated to exceed \$5,000 per year.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

/maf